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ABSTRACT

Many factors must be considered when a company decides to market its product in another country. It must research the targeted country to determine if there is a demand for the product, decide on product modifications needed to match the new market, and develop a plan to market and distribute the product in this new business environment. In this 12th-grade economics lesson, the goal is to open the international market for bicycles. The student firm has received a letter from Pedal Power to engage the team to determine if and when the company should sell its bicycles abroad. The lesson describes the task and asks that four experts (a team) from China, South Africa, Mexico, Brazil, Israel, Saudi Arabia, Germany, Russia, or Japan be assigned the task. It outlines the following five step process: (1) country research; (2) modifying the product; (3) establish a sales plan for 3 years; (4) develop a marketing plan; and (5) select a distribution plan. Each team presents its findings about the target country using posters, charts, and technology. The lesson also contains learning advice, a glossary of economic terms, evaluation information, process questions, country background market worksheet, illustrations and information about bicycle models, operations rubric, and country rubric. The teacher notes states grade level/unit; states lesson purpose and goals; addresses standards; discusses chronological and spatial thinking and historical interpretation; gives length of lesson; and provides background information. (BT)

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Schools of California Online Resources for Education (SCORE): Connecting California's Classrooms to the World

Pedal Power Goes Global

Twelve Grade Economics Lesson by Madeline Antillas

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San Bernardino County Superintendent of Schools
601 North E. Street
San Bernardino, CA 92410-3093

http://score.rims.k12.ca.us/activity/pedalpower/

2001

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A company today has the opportunity to compete in a global market. There are many factors to consider when a company decides to market its product in another country. It must research the country targeted for sales to determine if there is a demand for the product. It must decide on the modifications needed in the product to match the new market, and it must develop a plan to market and distribute the product in this new business environment. See if you can crack the international market for bicycles!

Pedal Power, Inc.
1000 Manufacturers Lane,
Los Angeles, CA 90005

International Trade Consultants
10000 Trade Center Drive
Los Angeles, California

Dear Sir:

Our company, Pedal Power, manufactures bicycles in Los Angeles. We have been in business for two years and sell our bicycles through local distributors. Currently, our bicycles are sold only in California, Oregon, and Washington.

With the heavy competition we face in our current markets, we are considering entering the export market. We believe that bicycles are fairly universal, and we think we can adapt our product to any market in the world. With slight alterations in gears, wheels and frame components, we can make a bicycle for basic transportation, hauling, recreation, mountain biking, or racing. Although we have received inquiries about selling our bicycles in other countries, none of our employees has ever been involved in exporting or marketing abroad.

We would like your firm to explore the possibility of selling our bicycles in the following countries: China, South Africa, Mexico, Brazil, Israel, Mali, Saudi Arabia, Germany, Russia or Japan. We will need a Business Plan for each of these countries along with your recommendation of which country we should choose to export our product first. The bicycles will be manufactured in our Los Angeles plant and shipped to their destination needing only minor assembly. We seek your recommendations on adaptations that are needed in our method of marketing and distribution for each target market country.

Yours sincerely,

John Q. Pedal

John Q. Pedal
President, Pedal Power

Resources

Teams should contact the consulates for each of the countries to get written information. Travel guides are another excellent source of information.

The following online resources will also be helpful.

General Country Information:

1997 CIA World Factbook
http://www.odci.gov/cia/publications/factbook/

Infonation
http://www.un.org/Pubs/CyberSchoolBus/infonation/e_infonation.htm

The American Forum for Global Education
http://www.globaled.org

U. S. Department of Commerce: International Trade Administration
http://www.ta.doc.gov/

Amnesty International
http://rights.amnesty.org

Governments on the Web
http://www.gksoft.com/govt/

International Monetary Fund
http://www.imf.org

Foreign Exchange Rates
http://www.rubicon.com/passport/currency/currency.html

World Trade Organization
http://www.wto.org

Specific Governments:

China

Chinese Embassy in Washington, D.C.
http://www.china-embassy.org/

U.S. Embassy in China
http://www.usembassy-china.org.cn/english/

China Ministry of Foreign Trade and Economic Cooperation
http://www.moftec.gov.cn/

South Africa

Embassy of South Africa in Washington, D.C.
http://usaembassy.southafrica.net/

South African Consulate in Los Angeles
http://www.link2southafrica.com

Mexico

Embassy of Mexico in Washington, D.C
http://207.224.13.65/english/

Mexican Consulate in Los Angeles
http://www.consulmex-la.com/

Mexico Connect Business
http://www.mexconnect.com/mex_/business.html

Brazil
http://www.latinworld.com/sur/brasil/

Brazilian Embassy in Washington, D.C.
http://www.brasilemb.org/

Bureau of Statistics and Geography
http://www.ibge.gov.br/english/default.php

Israel

Embassy of Israel in Washington, D.C.
http://www.israelemb.org/

U.S. State Department Background Notes-Israel
http://www.state.gov/www/background_notes/israel_1298_bgn.html

Library of Congress Country Studies-Israel
http://lcweb2.loc.gov/frd/cs/iltoc.html

Mali

Embassy of Mali in Washington, D.C.
http://www.maliembassy-usa.org/

Malian World Network
http://callisto.si.usherb.ca/~malinet/

Mali Page
http://www.sas.upenn.edu/African_Studies/Country_Specific/Mali.html

Arabia

Arab Net-Saudi Arabia
http://www.arab.net/saudi/saudi_contents.html

Islamic Affairs Dept.
http://www.iad.org/

Germany

Germany
http://www.entry.de/

German Embassy and Information Center
http://www.germany-info.org/nf_index.html

Japan

Guide to Japan
http://www.japan-guide.com/

Library of Congress Country Study-Japan
http://lcweb2.loc.gov/frd/cs/jptoc.html

JETRO-Japan External Trade Organization
http://www.jetro.go.jp/top/index.html

Russia

Russia Today
http://www.learner.org/exhibits/russia/

Russian Federation Embassy
http://www.russianembassy.org/

Russian American Chamber of Commerce
http://www.arcci.org/

Task

Your consulting firm has received the letter above from Pedal Power to engage your team in determining if and how their company should sell its bicycles abroad. Your team of experts must use its research and critical thinking skills to evaluate whether Pedal Power should market their bicycles in any one of the countries named in the letter. The expert team will create a plan specifying how Pedal Power should modify and market their bicycles in a presentation to the Board of Directors of Pedal Power.

Process

Assign four experts for each for the following countries: China, South Africa, Mexico, Brazil, Israel, Mali, Saudi Arabia, Germany, Russia or Japan. Classes may elect to do only level one of the export plan or do both levels depending on the time you are willing to spend and the sophistication level of the students.

Each group will find as much information as it can on the listed topics. Not all the information will be found on each country. In the process of research, a team may want to include other factors that are not specified, but are important enough to affect the outcome of the business plan.

Step 1: Country Research

In order to decide what bike would be best to sell in your country and how to market it, you must find out the following factors about the country assigned to you and fill out the following Country Background Market Worksheet:

Step 2: Modifying the product

Once you have researched the target export country, you need to narrow your focus so you can select your particular "Market Niche" within the country.

1. What will be the bicycle's primary use?
2. What is the terrain of the country or region? How will it affect the type of bicycles that can be used?
3. To which group within the country will you try to sell? Write a statement that includes: the group's age range, location, gender(s), and income range.
4. Choose the model and price that will best suit your target market and country from the Bike Models Marketing sheet.

Developing an Operations Plan

Step 3 - Establish a Sales Plan for 3 years:

	No. of Units	Sales Price	Profit Per Unit
Year 1 - Target Cities or Region of Country			
Year 2 - Target Cities or Region of Country			
Year 3 - Target Cities or Region of Country			

Step 4 - Develop a Marketing Plan

With your "Market Niche" in mind create a promotional brochure or website. Connect the 'Sale's pitch' of the brochure or website to the needs of your target buyers.

Step 5 - Select a Distribution Plan

Select one of the following distribution models and write a rational for your choice based on country research and product marketing needs.

- Ship and distribute to established retail outlets (bike shops and sporting goods stores)
- Sell directly to the consumer by mail, infomercials on TV, and/or using the Internet
- Set up individual distributors who will sell directly to the customer

Presentation

Each team presents its finding about the target country using posters, charts, and technology. The team demonstrates the relationship between this research and its product selection. Then the team uses this information to argue for its Marketing and Distribution. Students will listen to all the presentations and fill in the two rubric charts (Operations Rubric, Country Rubric). After all the presentations are completed discuss the merits and drawbacks of each plan.

- Designate the Plan that will represent the class.
- Consult your rubric.
- Select best plan.
- Suggest revisions in the plan as needed.
- Submit plan to _____.

Learning Advice

This lesson is designed on two levels. If your time is limited and your goal is to have a practical mission for students to learn about countries addressed in the tenth grade standards, learn research skills, and use critical thinking skills by matching a product to a country; do level one only. Classes with a bit more time that want to incorporate more economic and business objectives may also choose to go on to the second level.

Before beginning the unit, students should be familiar with the following economic terms for level 2.

Glossary of Economic Terms

Balance of Payments --- an accounting of trade/financial records, which takes into account the money a nation owes or is owed at the conclusion of a set time period.

Balance of Trade -- an accounting of the differences between a nation's imports and exports.

Comparative Advantage -- the ability of a nation or company to produce a certain good or service cheaper than another.

Foreign Exchange Rate -- the rate at which one nation's money can be exchanged for another's.

Free Trade -- the international trade policy, where trade among nations is not restricted by protective tariff or other governmental restrictions.

Import Quota -- the limit of a foreign-produced good that may be imported into another country.

Protective Tariff -- the tax or custom duty placed on an import to restrict their sale to protect a nation's domestic industry.

Revenue Tariff -- the tax or custom duty place on imports to raise money.

Trade Barrier -- a limitation place by one nation against another to restrain the exchange of goods.

Evaluation

The class will develop a rubric based on the following criteria:

- scope, depth and accuracy of the information
- persuasiveness
- clarity of the oral presentation
- innovative proposals
- listening to others

Process:

- What part of the project did you like the best?
- What part did you like least?
- How would you change the way your group interacted or the process you used in developing your project?

Last revised Feb 12, 2001

Country Background Market Worksheet

1. Population	
2. Income Level	
3. Income Distribution	
4. Education Level	
5. Geography, weather, ports, Topography	
6. Age Distribution	
Cultural Issues That Might Effect Product Sales	
7. Gender Roles	
8. Freedom of Travel	
9. Law and Order (theft, drinking laws, etc...)	
10. Concerns about health and exercise	
11. Pollution Concerns	
12. Social Class Mores	
13. Values placed on profit and wealth	
14. Rural vs. Urban Distribution	
15. Other Factors that would be important to how a bike could be used, such as who could buy it, how much the customer could spend, what kinds of repairs would need to be made, etc...	
Factors That Would Affect Marketing and Distribution	
16. Roads/ Railroads/ Ports	
17. Types of retail outlets/ stores/ catalogs/ Internet.	
18. Availability/ cost of other forms of transportation.	
19. Type and stability of government	
20. Corruption	
21. Crime	
22. Human Rights Issues	
23. Trade organizations in which the country is involved.	
24. Environmental/ Labor laws	

Bike Models

Cruiser/Transportation Model

This model is designed to ride on paved roads. It can be used for basic transportation and hauling. The frame is designed for the rider to sit upright for comfort. The lowest model has no gears, but it is very easy to maintain. In hilly terrain or for longer commutes, the higher end bike in this category will provide an easier ride because of their lighter weight and gears. Tires on these bikes have a larger radius.

- Low-steel frame, no gears, balloon tires, upright seating, high handle bars $80US ($70 wholesale)
- Mid-Oversize one tube chromoly frame, 6 gears, cantilever brakes-alloy resin brakes, comfort seat $200US ($150 wholesale)
- High-Aluminum frame and chromoly brake fork, 21 speeds, frame angled for comfort
- with upright handle bars, smooth tires. $500US ($350 wholesale)

http://www.mbautos.com/accessories.html

Mountain Bike Model

These bikes are designed for rougher terrain. Because of their heavy duty frames, suspension systems, and thicker tires: they are designed for unpaved roads and steep inclines. The higher end bike in this category can be used on rocky, step hill sides.

- Low-hi-tensile steel frame, bolted back wheel, quick release front wheel, front suspension only, 7 gears, $199US ($110 wholesale)
- Medium- Oversized tube chromoly frame, quick release tires, 21 speeds, front and back wheel suspension system, $299US ($199 wholesale)
- High-Aluminum main frame, full suspension (front, rear, and swingarm) 24 speeds, $499US ($399 wholesale)

http://www.spicercycles.com

Racing Bike Model

These light weight, narrow tire bikes are designed for speed. Although, they may be ridden for some distance, they are not designed for comfort. These models are suitable for very good roads.

- Low-Chomoly frame, 10 speeds, drop handle bars, $199US ($110)
- Medium-aluminum frame with bonded carbon fork, 16 speeds, $299US ($199 wholesale)
- High-titanium frame with bonded carbon fork, front and rear derailleurs, 24 speeds, $999US ($699 wholesale)

http://www.spicercycles.com

Operations Rubric

Rate the following as High, Medium, or Low.

1. Market Plan Elements

a. Rationale for choosing product for the potential market = good matches

b. Description of the market

c. Clarity/verity of description

d. Quality of marketing brochure (web site)

- layout design
- rationale well conveyed
- "user friendly" to target culture

2. Sales goals realistic

3. Rationale for distribution plan

4. Pictures of bikes realistic

5. Match to profit/sales targets

6. Cost effectiveness for number of units sold

Scoring Rubrics

Country Rubric

This Rubric will be graded based on the quality and completeness of research, and the use of data in market plans. **Rate the following characteristics as High, Medium, or Low.**

Cultural Factors

Cultural issues that might effect product sales:

1. Gender roles
2. Freedom of travel
3. Law and order (theft, drinking laws, etc.)
4. Concerns about health and exercise
5. Pollution Concerns
6. Social class mores
7. Values places on profit and wealth
8. Rural vs. Urban Distribution
9. Other factors that would be important to how a bike could be used, who could buy it, how much the customer could spend, what kinds of repairs could be made, etc.

- Factors that would affect marketing and distribution:
- Roads/ railroads/ports
- Types of retail outlets/ stores/ catalogs/Internet
- Availability/cost of other forms of transportation
- Type and stability of government
- Corruption
- Crime
- Human Rights issues
- Trade organizations in which the country is involved
- Environmental/labor laws

Political Factors

- Government
- Human Rights
- Crime/Corruption

Population Information

- Age Distribution
- Income Distribution
- Education

- Number of Males
- Number of Females

Economy

- Type of Economy
- Trade Organizations
- Business Divisions

Geography

- Topography
- Climate/Weather
- Urban/Rural
- Regions

Infrastructure

Teacher Notes

Grade Level/Unit: Grade 10 (level one), Grade 12 (level one and two)

Lesson Purpose:

The purpose of this lesson is to show the importance of research and understanding the physical and cultural geography, political and social issues and be able to interpret statistics about a country in order to implement international trade. It will also show them the importance and complexity of international trade issues with emphasis on the United States market economy.

This lesson supports the California Content Standards for Modern World History and Economics and the Grades 9-12 California Framework emphasis on Analysis Skills and Participation Skills. It further supports the use of technology to supplement the text and enrich the teaching of history and the social sciences. If this is the culminating unit for your 12th Grade Economics Semester, it may be used as a performance based assessment tool to judge your students' progress in research and critical thinking skills.

Goals

The students will:

1. learn to research about other countries, interpret data, and apply it to modifying a product.

2. learn about world trade and adapting marketing strategies to another culture and economy

3. learn basic economic terms

4. learn about supply and demand.

Standards:

Grade 10

10.10 Students analyze instances of nation-building in the contemporary world in two of the following regions or countries: the Middle East, Africa, Mexico and other parts of Latin America, or China, in terms of:

1. challenges in the region, including its geopolitical, cultural, military, and economic significance and the international relationships in which it is involved

2. the recent history of the region, including the political divisions and systems, key leaders, religious issues, natural features, resources, and population patterns

4. the important trends in the region today and whether they appear to serve the cause of individual freedom and democracy.

Grade 12 Standards

12.12 Students analyze the elements of the United States market economy in a global setting, in terms of:

1. the relationship of the concept of incentives to the law of supply and demand and the relationship of the concept off incentives and substitutes to the law of demand

5. the process by which competition among buyers and sellers determines a market clearing price

6. The effect of price controls on buyers and sellers

7. the role of domestic and international competition in a market economy in terms of goods and services produced, and the quality, quantity, and price of those products

8. the role of profit as the incentive to the entrepreneurs in a market economy

10. the economic principles that guide the location of agricultural production and industry and the spatial distribution of transportation and retailing facilities.

Grades 9-12 Historical and Social Sciences Analysis Skills

In addition to the standards for grades 9-12, students demonstrate the following intellectual, reasoning, reflection, and research skills:

Chronological and Spatial Thinking

1. 2. students analyze how change happens at different rates at different times; that some aspects can change while others remain the same; that change is complicated and affects not only technology and politics, but also values and beliefs
2. students use a variety of maps and documents to interpret human movement, including .the diffusion of ideas, technological innovations, and goods
3. students relate current events to the physical and human characteristics of places and regions.

Historical Research, Evidence and Point of View

1. students distinguish valid arguments from fallacious arguments in historical [and social science] interpretations

4. students construct and test hypotheses; collect, evaluate and employ information from multiple primary and secondary sources; and apply it in oral and written presentations

Historical Interpretation

1. students show the connections, causal and otherwise, between particular historical events and larger social, economic and political trends and developments

5. students analyze human modifications of a landscapes, and examine the resulting environmental policy issues

6. students conduct benefit/cost analyses and apply basic economic indicators to analyze [economic issues] School to Career Standards

Length of Lesson

One week to research level one and at least two additional class periods for the presentations. It will require an additional week for level two. More time should be set aside for economics classes to cover traditional class material on your market economy and world trade lessons.

Interdisciplinary Connections: Students may want to read a short story from the country that they are studying to better understand the culture.

Resources or materials needed:

Teachers will need access to computers as well as books, pamphlets, and travel guides. Economics teachers will need the text book as well as supplemental materials on trade issues, current events, and other handouts as needed to address the needs of your student body. Students may also need markers, paper and other art materials to prepare the brochure.

Background information that might be helpful

Lesson Sequence

1. Divide the class up into teams of at least four students per team.

2. Assign team a country to research in step one.

3. Student should then meet to determine what kind of bicycle is best suited to their country and select a target market (the segment of the population that they will try to sell their bicycle to)

4. After determining the need of the country and what kind of bicycle they will select, they will prepare a promotional brochure aimed at the target market.

5. Each group will select a distribution plan. Classes may elect to proceed to level two.

6. Finally, each group will make a presentation to the class as if the audience was the board of directors for Pedal Power. The class will grade the presentations using a rubric and select the best one (which they may choose to enter into the World Trade Week competition. Classes entering the competition may modify their presentation in order to enter the best possible entry.)

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